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Page: \_\_\_\_\_

## ■ Rhode Island

**Investment manager dropped:** General Treasurer Frank Caprio said the State Investment Commission yesterday supported his recommendation to terminate Shenkman Capital Management, of New York, one of the state's investment managers. Caprio said the firm consistently failed to meet the requirements that establish confidence benchmarks to measure rates of return. The company had been under review for several months, as its cumulative excess returns had fallen below the so-called "confidence bands" established by the state to measure the effectiveness of investment managers, Caprio said. Shenkman Capital Management was hired by the state in mid-2002 to manage high-yield investments. At that time, Shenkman had \$3.7 billion under management and had a cumulative excess return that was above the state's upper confidence band on both a three-year and five-year basis. Caprio said the decision to remove Shenkman, in response to the repeated failure to meet the expectations of the State Investment Commission, gives the state pension fund an opportunity to reduce its overall high-yield exposure by \$135 million, from 15 percent of its total fixed income assets to 7.5 percent. Allocation of the remaining assets will be determined as the overall portfolio analysis is complete. The total value of the state's pension fund is approximately \$7.9 billion. (Staff)